

CITY OF WOODLAND
Cowlitz County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. The Municipal Court Should Maintain An Accounts Receivable Control Account And Obtain Documentation For Noncash Credits

During the audit of the municipal court, we encountered the following:

- The court does not maintain an accounts receivable control account. Without this control, total payments received, bail applied, and other credits cannot be reconciled to the amounts posted to individual subsidiary accounts receivable.
- Sufficient documentation did not exist to support noncash credits. In 4 of 11 instances, documentation for jail time served did not match the credit given. Further, corrected clerical errors were not supported by documentation. No management review of noncash credits is performed.

RCW 43.09.200 states in part:

The accounts shall show the . . . documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . .

The failure to reconcile all increases and decreases in accounts receivable to supporting activity and the lack of support for all noncash transactions increases the possibility of errors or irregularities and places the city at risk for loss of revenues.

These conditions exist because the city was unaware of the importance of the control account and the retention of sufficient supporting documents for all noncash credits.

We recommend the municipal court maintain a monthly accounts receivable control account which is reviewed by management.

We further recommend the city obtain sufficient documentation for all noncash credits.

Auditee's Response

The City concurs with this finding and will take steps to implement internal controls surrounding the accounts receivable control account. It should be noted that an accounts receivable log was updated when payments were made or bail received. The month end accounts receivable report was on file in the clerk's office. Non-cash credits and adjustments will be accounted for and documentation made. Management will be reviewing the monthly accounts receivable control account.

Auditor's Concluding Remarks

An accounts receivable control account records total accounts receivable and agrees to the total of individual account balances. Total daily activity, increases and decreases, are posted to the account and can be reconciled back to the activity in the individual accounts. This provides an ongoing record which accounts for all postings to accounts receivable. While we recognize the court used a receivable log and month-end receivable report, these documents did not provide an accounting for the total activity posted to accounts receivable.

We appreciate management's commitment to strengthen their controls.